2018
SALARY & BENEFITS REPORT

Benchmarking Nonprofit Compensation in Alaska

EXECUTIVE SUMMARY

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theforaker group

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EXECUTIVE SUMMARY

As nonprofit leaders, it’s essential that we have tools to make informed decisions. One of those tools is our Salary and Benefit Report, which gives us context and a comparative benchmark for compensation in Alaska’s nonprofit sector. Our sector is a major employer in the state: 44,092 Alaskans work for a nonprofit, representing on average 17% of the workforce statewide and more than 40% in specific regions across the state. For this reason, it’s important that we understand how our compensation practices compare to others in the marketplace.

With the participation of the nonprofits who provided their data, along with the generous support of Mutual of America who sponsored this report, we are pleased to provide the only holistic look at compensation specific to Alaska’s nonprofits. We view this report as a way to collectively build the credibility of the sector, to offer perspective for making decisions on salaries and benefits, to provide knowledge of our sector to employees and funders, and to create a basis for comparing our sector to other sectors in the state, thus allowing us to remain competitive in the overall marketplace.

We know you are making critical decisions about how to fairly compensate your employees. To do this, you not only need to consider salaries, but also bigger issues like healthcare costs and availability, and gender pay policies that have an impact on each decision. For this reason, we are providing a second round of data on understanding the gender pay gap in Alaska’s nonprofit sector.

While our 2016 report set a baseline, this year the data marks the trends in pay equity and continues to highlight ways we can make progress toward a more equitable pay scale throughout the sector.

While survey data is important, using it is essential. If you need assistance consider our personalized facilitation and educational programming to ensure you have the information, resources, and support to turn data into action.

DEMOGRAPHICS

Participating organizations for 2018 represent 4,919 total employees from 143 nonprofits. Foraker Partner organizations dominate the respondent list and represent 80% of total respondents. Participants report between one and 327 employees. Demographic highlights from the group include:

- 52.6% are in Anchorage.
- 62.5% employ between one and 20 staff.
- 32.8% have budgets under $500,000.
- 38.5% have budgets between $1,000,000 and $5,000,000.
- 14.7% have budgets at or over $5,000,000.
- 76.9% have part-time workers.
- 60.8% budget on a July 1st to June 30th year.
- 30.7% budget on a calendar year.

The Demographics section of the full report provides a full list of respondents and detailed information on the composition of this group.

EXEMPT/NON-EXEMPT

The definitions page explains these terms, which relate to whether or not a particular position is covered by the Fair Labor Standards Act (FLSA). Salary data displayed in this report reflects job category only, not whether a position is exempt or non-exempt. Several factors determine whether a job is exempt and any assessment regarding this designation should be organization and position specific and in compliance with federal and Alaska statues and regulations. If you have questions about the FLSA rules, please contact the Alaska Department of Labor and Workforce Development.
The following table indicates the survey responses related to the change in the value of salaries and benefits combined:

<table>
<thead>
<tr>
<th>SALARIES AND BENEFITS COMBINED</th>
<th>% OF ORGANIZATIONS REPORTING CHANGE IN THE VALUE OF SALARIES AND BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECREASING</td>
<td>9.8%</td>
</tr>
<tr>
<td>INCREASING</td>
<td>30.8%</td>
</tr>
<tr>
<td>STAYING THE SAME</td>
<td>59.4%</td>
</tr>
</tbody>
</table>

Based on our data since 2010, it appears that certain benefit trends continue to move slowly in the direction described below:

- Paid-time-off (PTO) is currently favored over a combination sick and vacation plan by two-thirds of respondent organizations.
- Employee out-of-pocket costs for healthcare deductibles and premiums continue to increase.
- High deductible plans paired with a Health Savings Account (HSA), a Health Reimbursement Account (HRA) and/or a Flexible Spending Account (FSA) are increasingly the structure for addressing the costs of healthcare plans.

The following table summarizes results from the benefits component of the survey:

<table>
<thead>
<tr>
<th>BENEFIT</th>
<th>ORGANIZATIONS WITH COVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEALTH INSURANCE - MAJOR MEDICAL</td>
<td>64%</td>
</tr>
<tr>
<td>HEALTH INSURANCE - DENTAL</td>
<td>57%</td>
</tr>
<tr>
<td>HEALTH INSURANCE - VISION</td>
<td>49%</td>
</tr>
<tr>
<td>PAID HOLIDAYS</td>
<td>86%</td>
</tr>
<tr>
<td>FORMAL LEAVE PLAN - PAID-TIME-OFF OR VACATION/SICK</td>
<td>75%</td>
</tr>
<tr>
<td>RETIREMENT</td>
<td>52%</td>
</tr>
<tr>
<td>GROUP LIFE INSURANCE</td>
<td>42%</td>
</tr>
<tr>
<td>LONG-TERM DISABILITY INSURANCE</td>
<td>21%</td>
</tr>
<tr>
<td>ACCIDENTAL DEATH &amp; DISMEMBERMENT INSURANCE</td>
<td>28%</td>
</tr>
</tbody>
</table>

See the Benefits Section of this report for full details.

**SALARIES**

To maintain confidentiality and provide viable information, five responding organizations are required before data is shown. You can help improve the amount of information we can report in the future by encouraging your peer organizations to take the survey the next time it is offered. We all benefit with more participation.

**BREAKOUT SECTIONS**

The breakout sections for salary data repeat those first established in 2008. While some breakouts contain limited information, they are still reported for possible value to organizations in those categories.

The presentation layout of this report clearly allows you to compare salaries in multiple ways to those of other organizations that are comparable in location, organizational type, budget, and workforce size. All relevant tables should be reviewed for a comprehensive understanding before salary decisions are made for a specific job.

**CONSUMER PRICE INDEX FOR URBAN ALASKA (FORMERLY THE ANCHORAGE CPI)**

According to Alaska Economic Trends, July 2018 inflation was near a record low of 0.5% for 2017. However, more recent measurements for the period December 2017 and April 2018 show inflation at about 1%, although the time period is a bit too short to determine if this will become an annual trend.

Another factor to consider is the wage growth or decline. In a September 2018 article in Alaska Economic Trends, Karinne Wiebold, an economist with the state of Alaska, writes that Alaska’s total wages grew 1.6% in the first half of 2018. She also noted this was the second consecutive quarter of wage growth.

**RESULTS**

The change in survey participants from year-to-year makes it difficult to draw absolute conclusions. Job titles that show significant gains in one cycle can show losses in the next. The changing composition of the participating group from one survey to the next also makes viable conclusions
about wage changes difficult. For example, 56% of the 2018 participants submitted data in 2016, meaning 44% of 2018 participants were new to the survey this year (or may have responded in previous cycles but not in 2016). Therefore, while no sound conclusions regarding trends in salaries increasing, maintaining, or decreasing can be made, we are confident that the survey provides valid and useful information for decision making.

**PAY EQUITY IN ALASKA NONPROFITS**

As a starting point to increase the data and knowledge of the gender pay gap, this report focuses on the top-level employees in the nonprofit workplace. We understand that this issue is much deeper and wider than simply the pay of those employees. To that end, we encourage you to consider the best and emerging practices we offer in the pull-out section on pay equity and apply them to every job classification in your workplace. See the Pay Equity section for complete results.

**NEXT STEPS**

Foraker remains committed to providing well-researched information so that you can make the best decision on how to compensate current and future employees. We recognize that fair and equitable pay is critical, and we stand with you in a commitment to see equitable workplaces. We encourage all employers to view compensation as the sum of salary dollars and the monetary value of benefits. Thinking about total compensation in this manner, and expressing this approach to employees and job applicants, can give the clearest picture of what you as an employer can offer and what the employee can expect in return for a commitment to your organization.

There are many ways to use this report. If offers a great deal of information from a large number of organizations regarding nonprofit pay and benefits. The information can help you:

- Set salaries for new hires
- Review salary ranges
- Review and/or create an organizational salary structure
- Compare salaries with market data for competitiveness and/or positioning
- Provide documentation for organizations with senior level staff at higher compensation levels to satisfy in whole or part required salary justification under IRS Code Section 4958
- Review individual and collective benefit offerings against peer organizations
- Review most prevalent practices in each benefit area
- Review and/or create a total compensation structure
- Determine the organization’s compensation philosophy and strategy to be below, at, or above market value

Thank you, again, to those who took part in our survey and to Mutual of America for their sponsorship. We look forward to working with you as you use this report. We are pleased to offer it as a tool that will provide significant support for compensation practices across Alaska’s nonprofit sector.